

84TH CONGRESS 1st Session	}	HOUSE OF REPRESENTATIVES	}	REPORT No. 53
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REPEALING THE NATURAL FIBERS ACT

FEBRUARY 16, 1955.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. DURHAM, from the Committee on Armed Services, submitted the following

R E P O R T

[To accompany H. R. 2123]

The Committee on Armed Services, to whom was referred the bill (H. R. 2123) to repeal Public Law 820, 80th Congress (62 Stat. 1098), entitled "An Act to provide a revolving fund for the purchase of agricultural commodities and raw materials to be processed in occupied areas and sold," having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of H. R. 2123 is to repeal Public Law 820, 80th Congress (62 Stat. 1098), commonly known as the Natural Fibers Act.

BACKGROUND

Public Law 820, 80th Congress, provided for a revolving fund for the purpose of (a) purchasing natural fibers (including cotton waste) produced in the United States, and such other materials, including starch, dyestuff, roller leather, and card clothing as may be used in processing and finishing such fibers; (b) transporting such fibers and other materials to occupied areas, making them available for processing, and having such fibers processed in such area; (c) insuring such fibers and materials and the products obtained from such processing; and (d) selling products obtained from such processing. The basic objective of this law was to assist in the industrial rehabilitation and economic recovery of occupied areas. It was felt that until these countries could be restored to a basis of self-support, the American taxpayers would have to continue to foot a large bill for feeding and clothing the people of these areas. Proceeds from the sale of

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products of commodities purchased with money from the fund were utilized to repay, with interest, outlays from the fund.

Although other areas were in a position to benefit from the provisions of this act, Japan was the only area to take advantage of this opportunity. The Secretary of the Army was authorized to issue notes for purchase by the Secretary of the Treasury in an aggregate amount not to exceed \$150 million to cover payments of costs specified in the act. Under this authority, a note for \$100 million was issued to finance shipments of raw cotton to Japan and the total expenditures made for this purpose during 1948-49 amounted to \$57,554,227. Complete repayment of the borrowings was effected on June 13, 1950. Since that date no further purchases have been made with moneys from that fund.

The \$100 million note was kept open in the event of any critical need for the further financing for United States raw cotton shipments to Japan during the balance of the occupation. Such a need did not arise in light of favorable trade developments and the acquisition of substantial foreign exchange balances by Japan.

On May 22, 1952, the Department of the Treasury notified the Department of the Army that the \$100 million note would expire as of June 1, 1952, and that in view of the termination of the occupation, arrangements should be made for the cancellation of this note. Accordingly, the Secretary of the Army requested the Secretary of the Treasury, on June 2, 1952, to transfer the \$100 million note in full repayment of the general fund of the Treasury.

Repeal of Public Law 820 is desired because with ratification and confirmation of the treaty of peace with Japan, and with no anticipated requirement for outlays of money from this fund by the remaining occupied areas, no further need seems to exist for the fund; and repeal, if enacted, would remove from the statute books a law no longer required. Further, although the authority granted in Public Law 820 is not utilized, the retention of the act on the statute books imposes a requirement on the Secretary of the Army annually to make a complete report to Congress with respect to the status of the fund. Preparation of this report by the Department of the Army and review by the Bureau of the Budget and the Congress cause unnecessary utilization of personnel and material.

DEPARTMENTAL RECOMMENDATIONS AND BUDGET DATA

The enactment of the proposed legislation would not involve the expenditure of any Federal funds.

The proposed measure is a part of the Department of Defense legislative program for the 84th Congress and has been approved by the Bureau of the Budget. The Department of Defense recommends that it be enacted by the Congress, as is evidenced by the letter dated January 6, 1955, from Secretary of the Army Robert T. Stevens, which is attached hereto and made a part of this report.

HON. SAM RAYBURN,
Speaker of the House of Representatives.

JANUARY 6, 1955.

DEAR MR. SPEAKER: There is forwarded herewith a draft of legislation to repeal Public Law 820, 80th Congress (62 Stat. 1098), entitled "An act to provide a revolving fund for the purchase of agricultural commodities and raw materials to be processed in occupied areas and sold."

This proposal is part of the Department of Defense legislative program for 1955 and the Bureau of the Budget has advised that there would be no objection to the presentation of this proposal for the consideration of the Congress. The Department of the Army has been designated as the representative of the Department of Defense for this legislation. It is recommended that this proposal be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The basic objective of Public Law 820, 80th Congress, commonly called the Natural Fibers Revolving Fund Authority, was to assist in the industrial rehabilitation and economic recovery of occupied areas. It was felt that until these countries could be restored to a basis of self-sufficiency, American taxpayers would have to continue to foot a large bill for feeding and clothing the people of these areas.

Public Law 820, 80th Congress, provided for a revolving fund for the purchase within the United States of vitally needed agricultural commodities and raw materials to be processed in occupied areas and sold. Proceeds from the sale of products of commodities purchased with money from the fund were utilized to repay, with interest, outlays from the fund. Japan was the only area to take advantage of the provisions of this act and did not make any purchases with money from this fund after January 1950. In view of the ratification and confirmation of a treaty of peace with Japan, and no anticipated requirement for utilization of money from this fund by the remaining occupied areas as defined by the act, no further need seems to exist for the fund as created by authority of Public Law 820, 80th Congress.

LEGISLATIVE REFERENCES

An identical proposal was included in the Department of Defense legislative program for 1953 and was submitted to the Congress on January 5, 1953. That proposal was introduced as H. R. 2312, passed the House of Representatives on May 19, 1953, and was referred to the Senate Committee on Agriculture and Forestry. No further action was taken on that bill.

COST AND BUDGET DATA

This proposal would cause no apparent increase in budgetary requirements for the Department of Defense.

Sincerely yours,

ROBERT T. STEVENS,
Secretary of the Army.

CHANGES IN EXISTING LAW

In compliance with clause 3, of rule XIII of the Rules of the House of Representatives, there is herewith printed in parallel columns the text of provisions of existing laws which would be repealed or amended by the various provisions of the bill.

REPEALING THE NATURAL FIBERS ACT

EXISTING LAW

THE BILL

(Public Law 820, 80th Cong.)

To provide a revolving fund for the purchase of agricultural commodities and raw materials to be processed in occupied areas and sold.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of any other law, the Secretary of the Army is authorized to issue notes from time to time for purchase by the Secretary of the Treasury, not to exceed in the aggregate outstanding at any time \$150,000,000. Each such note shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the note. Payment of the purchase price of such notes and repayments thereof by the Secretary of the Army shall be treated as public-debt transactions of the United States. The proceeds of these notes shall be used by the Secretary of the Army, or his duly authorized representatives, as a revolving fund for the purpose of (a) purchasing natural fibers (including cotton waste) produced in the United States, and such other materials, including starch, dyestuff, roller leather, and card clothing as may be used in processing and finishing such fibers; (b) transporting such fibers and other materials to occupied areas, making them available for processing, and having such fibers processed in such areas; (c) insuring such fibers and materials and the products obtained from such processing; and (d) selling products obtained from such processing. In the case of wool, mohair, or flax fiber, only those types and grades shall be purchased hereunder as the Secretary of Agriculture, in the light of supplies on hand in the United States, designates as available for export; and stocks held by Commodity Credit Corporation of the types and grades so designated shall be purchased before other purchases are made of such types and grades. For the purpose of this Act an occupied area shall be considered as any liberated or occupied area, which is at the time, occupied by United States forces or such an area occupied jointly with another power or powers when it is considered by the Secretary of the Army to be necessary or desirable to include such an area, in order to carry out United States objectives: *Provided*, That a treaty of peace shall not have been ratified and confirmed for such an area.

That Public Law 820, Eightieth Congress (62 Stat. 1098), entitled, "An Act to provide a revolving fund for the purchase of agricultural commodities and raw materials to be processed in occupied areas and sold", is hereby repealed.

SEC. 2. This Act shall take effect on June 30, 1955.

EXISTING LAW

THE BILL

SEC. 2. Neither the Secretary, nor any duly authorized representative, shall use the fund created by this Act for the purchase of any commodity unless, on the date of purchase of such commodity, it appears in his best judgment that within fifteen months after such date—

(a) such commodity will be processed, or used in processing operations, in an occupied area; and

(b) so much of the products obtained from such processing will be sold under such terms and for such currencies as will be necessary to cover, in United States dollars, (1) all amounts expended from the fund in connection with such commodity plus (2) an appropriate portion of the interest payable to the Secretary of the Treasury on account of loans made pursuant to this Act.

SEC. 3. The proceeds from the sale of products of commodities purchased with moneys from the fund, to the extent of the amounts specified in section 2, shall be returned to the fund.

SEC. 4. Annually after the date of enactment of this Act the Secretary of the Army shall make a complete report to the Congress with respect to the status of the fund. At such time as there shall no longer be any occupied area within the meaning of this Act, or at such earlier time as the President or the Congress by concurrent resolution shall determine that the fund is no longer required for the purposes of this Act, the unobligated balance of the fund shall be repaid to the Secretary of the Treasury; and the Secretary of the Army, as expeditiously as possible consistent with orderly liquidation, (a) shall cause to be sold so much of the commodities purchased with moneys from the fund and products thereof which are then on hand as may be necessary to obtain the amount of any balance then remaining owing to the Secretary of the Treasury on account of loans made pursuant to this Act, and (b) shall repay such amount to the Secretary of the Treasury.

SEC. 5. Fibers and other materials purchased for processing in any particular occupied area may, if a treaty of peace is ratified and confirmed with respect to such area prior to the processing of such commodities, be processed and sold, or sold, in such manner as the Secretary of the Army may deem to be in the best interest of the United States. If, after purchasing any such commodity with moneys from the fund, it shall appear to the Secretary of the

EXISTING LAW

THE BILL

Army that the product of such commodity cannot be sold for as much as the amounts specified in clauses (1) and (2) of section 2 of this Act the Secretary of the Army may sell such product for a lesser amount; but, insofar as may be possible, no commodities shall be sold for less than the amounts specified in clauses (1) and (2) of section 2 of this Act.

SEC. 6. So much of the commodities purchased with moneys from the fund for processing in any occupied area and so much of the products thereof as are not required to be sold, and so much of the proceeds obtained from the sale of any such commodities or products as is not required to be returned to the fund shall be used and disposed of by the Secretary of the Army, in such manner as he deems fit, for the benefit of the economy of such occupied area.

SEC. 7. In providing for the performance of any of the functions described in section 1 the Secretary of the Army shall to the maximum extent feasible utilize private channels of trade and is hereby authorized to make all necessary rules and regulations for the efficient implementation of the provisions of this Act.

Approved June 29, 1948.

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